



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
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February 23, 1988

Ms. M. S. Litus
Environmental Engineer
Tenneco Minerals
P.O. Box 1167
Green River, Wyoming 82935

Dear Ms. Litus:

Re: Goldstrike Project, M/053/005, Washington County, Utah

A copy of the EPA publication titled "Field and Laboratory Methods Applicable to Overburdens and Minesoils" and a copy of the Division's surety policy for the mineral's program are enclosed. The Goldstrike Project will not qualify for self bonding under our surety policy since the mine is new and has not been in existence for the required five years.

As we discussed on site last week, the methodology used in estimating the surety amount is acceptable. We will require that the following items be added:

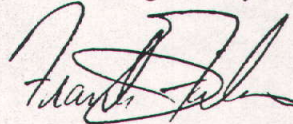
- (1) Grading estimates for the heaps and waste slopes which reflect the reclamation work which we discussed while on site.
- (2) Decommissioning of the heaps and well abandonment.
- (3) A ten percent contingency.
- (4) An escalation factor of 2.3 percent per year for each year of the bond period.

The bond amount is to reflect the cost of having a third party reclaim the site. Therefore, unit costs should be supported with written contractor's quotes. In lieu of contractor's quotes, we can use Rental Rate Blue Book and Means Site Work Cost Data rates. A D-8 dozer and a 32 yard scraper would cost \$131/hr and \$201/hr, respectively, using these reference books.

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I have also enclosed a copy of my hand written comments on your bond estimate plus a copy of the Mercur bond estimate which you requested.

Best Regards,

A handwritten signature in dark ink, appearing to read 'Frank J. Filas', written in a cursive style.

Frank J. Filas
Reclamation Engineer

ff
Enclosure
cc: M. Stairwalt w/enclosures
D. Wham
1068R-99,100